

## Message Text

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ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 /026 R

DRAFTED BY ARA/AND/V:WCSERGEANT  
APPROVED BY ARA - MR. VAKY  
L - MR. VILAPLANA  
ARA/AND - MR. FULLER  
S/S-O:TMARTIN-

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O 270652Z JUL 78  
FM SECSTATE WASHDC  
TO AMEMBASSY CARACAS IMMEDIATE

C O N F I D E N T I A L STATE 189493

EXDIS, FOR CHARGE FROM ASSISTANT SECRETARY VAKY

E.O. 11652: GDS

TAGS: ECOM, VE, US

SUBJECT: VISIT OF JUSTICE MINISTER - BOEING PAYMENTS

REF: CARACAS 6865

1. JUSTICE MINISTER JUAN ECHEVERRIA AND DR. DAVID MORALES CALLED ON ASSISTANT SECRETARY VAKY ON MORNING OF JULY 26. MARK FELDMAN, DEPUTY LEGAL ADVISER, VICTOR VILAPLANA, SPECIAL ASSISTANT TO THE LEGAL ADVISER, AND WILLIAM SERGEANT OF ARA/AND ALSO PARTICIPATED.

2. MINISTER ECHEVERRIA POINTED OUT THAT HIS VISIT WAS OCCASIONED BY WORRY ABOUT THE GENERAL POLITICAL SITUATION IN VENEZUELA. HE REMARKED THAT THE PRESIDENTIAL ELECTION TAKES PLACE IN DECEMBER AND REPERCUSSIONS FROM PUBLICITY  
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ABOUT THE BOEING FINANCIAL ARRANGEMENTS COULD BE PREJUDICIAL TO THE CHANCES OF AD WINNING THE ELECTION. HE SAID IT WAS UNFORTUNATE THAT THE PLANE HAPPENED TO BE THE PRESIDENTIAL JET.

3. ECHEVERRIA SAID THAT HE HAD PREPARED THE CASE AGAINST JOSE PIGNA, THE FORMER VIASA OFFICIAL WHO WAS

BOEING'S CONSULTANT IN VENEZUELA. HE REMARKED THAT THERE

WERE LEGAL OPINIONS ON BOTH SIDES CONCERNING WHETHER PIGNA WAS A GOVERNMENT EMPLOYEE AT THE TIME HE SERVED AS CONSULTANT TO BOEING. HE STATED THAT THE CASE IS BEING JUDICIALLY PROCESSED AT THIS TIME.

4. ECHEVERRIA MENTIONED THAT THEY HAD RECEIVED INFORMATION ABOUT THE BOEING SITUATION UNDER THE AGREEMENT WORKED OUT BETWEEN THE U.S. DEPARTMENT OF JUSTICE AND VENEZUELA'S MINISTRY OF JUSTICE. HE REMARKED THAT THE CHARGE HAD RECENTLY ALERTED THEM TO THE POSSIBILITY THAT BOEING WOULD SOON PUBLISH INFORMATION RELATIVE TO VENEZUELA. HE SAID THAT THE PURPOSE OF THE VISIT WAS TO DETERMINE WHAT WOULD BE RELEASED AND WHEN.

5. MR. VILAPLANA EXPLAINED THAT BOEING HAS PREPARED A REPORT AS A RESULT OF SEC ACTION. BOEING AND THE SEC ARE IN GENERAL ACCORD ON THE CONTENT OF THE REPORT AND IT WILL BE PRESENTED TO THE COURT ON FRIDAY OR MONDAY. HE POINTED OUT THAT THE REPORT WILL PROBABLY BE ABOUT 10-15 PAGES LONG AND VENEZUELA IS MENTIONED ONLY ONCE IN PASSING WITH A GROUP OF 6-7 OTHER COUNTRIES. MORALES ASKED IF ANY NAMES WERE CONTAINED IN REPORT; VILAPLANA REASSURED HIM THAT NO NAMES WERE MENTIONED. VILAPLANA SAID THAT UPON THE FILING WITH THE COURT OF BOEING'S REPORT, AND UPON CONFIDENTIAL

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ENTRY BY THE COURT OF ITS CONSENT JUDGEMENT, THE SEC CASE WOULD BE CONCLUDED. THERE WOULD BE NO TRIAL.

6. ASSISTANT SECRETARY VAKY SAID THAT TO THE BEST OF OUR KNOWLEDGE THERE WOULD BE NOTHING NEW IN THE REPORT. HE COMMENTED THAT THE ENTIRE EPISODE HAD BEEN AIRED BEFORE AND THAT HE EXPECTED NO SURPRISES. HE POINTED OUT THAT THE GOVERNMENT COULD SAY THAT THE REPORT CONTAINED NOTHING NEW; THAT THE GOV HAD ACTED PROMPTLY WHEN THIS MATTER WAS FIRST DISCLOSED; AND THAT THE MAN ALLEGEDLY INVOLVED IN THE BRIBE IS BEING JUDICIALLY PROCESSED.

7. IN RESPONSE TO MORALES' QUESTION, VILAPLANA SAID THAT WHILE THE SEC MATTER WOULD PROBABLY BE CONCLUDED THIS FRIDAY OR MONDAY, OTHER AGENCIES OF GOVERNMENT, SUCH AS THE DEPARTMENT OF JUSTICE, MIGHT DECIDE TO GO FURTHER. VILAPLANA REMARKED THAT THERE IS A JUSTICE DEPARTMENT CRIMINAL INVESTIGATION UNDERWAY IN CONNECTION WITH BOEING BUT THAT WE SHOULD RECEIVE ADVANCE NOTICE OF ANY INFORMATION WHICH MIGHT BECOME PUBLIC AS A RESULT OF THAT INVESTIGATION AND ADVERSELY AFFECT OUR RELATIONS WITH OTHER COUNTRIES. ASSISTANT SECRETARY VAKY POINTED OUT THAT

THERE WOULD BE PUBLICITY IN THE SEC CASE BUT PROBABLY

ONLY IN THE WALL STREET JOURNAL, AND OTHER MAJOR FINANCIAL NEWSPAPERS. THE PUBLICITY WOULD PROBABLY FOCUS ON THE MIDDLE EAST. ECHEVERRIA SAID THAT THEY WOULD WAIT UNTIL FRIDAY OR MONDAY IN ORDER TO OBTAIN THE BOEING REPORT AS FILED WITH THE COURT. ASSISTANT SECRETARY VAKY TOLD THEM WE WOULD BE HAPPY TO FURNISH A COPY AS SOON AS IT IS RELEASED.

8. DEPUTY LEGAL ADVISER FELDMAN THANKED ECHEVERRIA AND MORALES FOR THE SUPPORT PRESIDENT PEREZ HAS GIVEN PRESIDENT CARTER ON THE ILLICIT PAYMENTS MATTER, AND SAID THAT WE WOULD BE HAPPY TO RECEIVE ANY COMMENTS VENEZUELA  
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MAY HAVE ON THE SUBSTANCE OF THE PROPOSED AGREEMENT. HE POINTED OUT THAT THE U.S. PROPOSAL IN THE ECOSOC COMMISSION TO CONVOKE A UN CONFERENCE IN 1979 OR 1980 TO DISCUSS ILLICIT PAYMENTS WOULD BE VOTED ON THIS WEEK. ECHEVERRIA PROMISED TO CALL PRESIDENT PEREZ THE AFTERNOON OF JULY 26 TO ASK FOR HIS APPROVAL TO SUPPORT THE PROPOSAL AND PROMISED TO CALL BACK AS SOON AS HE KNEW THE PRESIDENT'S ANSWER. IN ADDITION, ASSISTANT SECRETARY VAKY ASKED HIM TO LET PRESIDENT PEREZ KNOW THAT PRESIDENT CARTER WOULD BE REPLYING TO HIS LETTER ON BOLIVIA AS SOON AS POSSIBLE. CHRISTOPHER

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## Message Attributes

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